HOUSING NOW

Canada

Canada Mortgage and Housing Corporation

Date Released: December 2008

Canadian Market Overview.

New Home Market

Housing starts moderate in November

The seasonally adjusted annual rate[1] of housing starts was 172,000 units in November, down from 211,800 units in October.

The decrease in November housing starts can be attributed in part to the volatile multiple starts segment. Still, housing starts in November remain consistent with our forecast which calls for more moderate activity of 212,000 units this year. Note that at the beginning

Table of contents

Canadian Market Overview 1

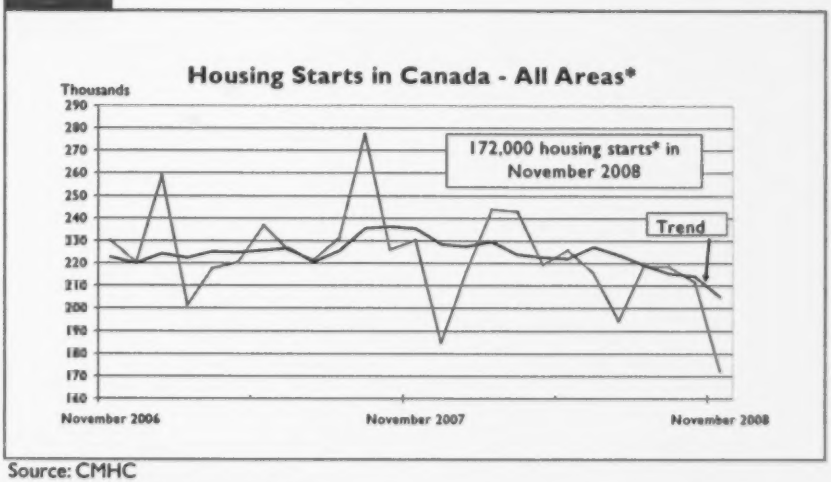
Residential Mortgage Credit Continues to Grow in 2008 4

Starts Statistics 6

SUBSCRIBE NOW!

Access CMHC's MarketAnalysis Centre publications quickly and conveniently on the Order Desk at **www.cmhc.ca/housingmarketinformation.** View print, download or subscribe to get market information e-mailed to you on the day it is released. New ! CMHC's electronic suite of national standardized products is now available for **free**.

Figure 1



Source: CMHC

* Seasonally adjusted at annual rates
Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

! All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

CMHC SCHL
HOME TO CANADIANS

of the new millennium, Canada posted strong housing start levels given a pent-up demand that existed then. Over the last few years, this excess demand gradually decreased and our forecast for 2008 and 2009 reflects this new reality with housing starts, more aligned with long run demographic demand.

Urban starts eased in November

The seasonally adjusted annual rate of urban starts decreased 21.6 per cent to 144,800 units in November. Urban multiple starts moderated 29.1 per cent to 81,700 units, while urban single starts eased 8.9 per cent to 63,100 units in November.

Urban starts moderate across Canada

November's seasonally adjusted annual rate of urban starts moderated in all regions of Canada. Urban starts declined to 18,000 units in British Columbia, 23,500 units in the Prairies, 54,600 units in Ontario, 41,100 units in Quebec, and 7,600 units in the Atlantic region.

Rural starts were estimated at a seasonally adjusted annual rate of 27,200 units in November.

Year-to-date actual starts were down in November

For the first 11 months of 2008, actual starts in rural and urban areas combined moderated by an estimated 7.6 per cent, compared to the same period last year. Year-to-date actual starts in urban areas have decreased by an estimated 3.9 per cent over the same period in 2007. Actual urban single starts for the January to November period of this year were 18.4 per cent lower than they were a year earlier while urban multiple starts were up by 8.6 per cent over the same period.

Growth in new house prices continues to moderate

The New Housing Price Index (NHPI) increased by 1.5 per cent in October 2008 compared to a year ago. October marks the smallest annual increase in the NHPI since October 1999.

In October 2008, year-over-year double digit increases in the NHPI were limited to Regina (22.8 per cent) and St John's (22.3 per cent). New house prices were up for all the surveyed centres, except for Edmonton, Calgary, Vancouver and Victoria between October 2007 and October 2008.

Existing Home Market

MLS®[1] sales decreased in November

Seasonally adjusted MLS®[1] (Multiple Listing Service®) sales decreased by 12.3 per cent to 27,743 units in November 2008, compared to 31,617 units in October 2008.

For the first eleven months of the year, actual MLS® sales were down 16.3 per cent to 418,241 units compared to the same period in 2007.

MLS® new listings decreased in November

Seasonally adjusted MLS® new listings in November 2008 decreased by 1.6 per cent to 75,536 units, compared to 76,780 units in the previous month.

Actual new listings for the first eleven months of 2008 were up 7.6 per cent compared to the same period in 2007.

Sales-to-new-listings ratio declines in November

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[2]. New listings are a gauge of the supply of existing homes, while

[1]Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

[2]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers'

MLS® sales are a proxy for demand.

Canada's existing home market has been in sellers' territory throughout most of this decade. Lately, a declining sales-to-new-listings ratio and slowing price growth indicate existing home markets have become more balanced. The seasonally adjusted sales-to-new-listings ratio for Canada's markets was 37 per cent in November 2008, a decrease from 41 per cent October 2008.

The November seasonally adjusted average MLS® price in Canada was up 0.6 per cent to $284,984 compared to October 2008, while the unadjusted MLS® average price was down 9.8 per cent in November 2008 compared to a year ago.

Economic conditions

Employment decreased by 71,000 jobs in November lowering Canada's employment rate to 63.3 per cent from 63.7 per cent in October. The labour force also moved lower in November by 48,300 people, which resulted in Canada's unemployment rate rising to 6.3 per cent.

Month-over-month seasonally adjusted employment increased in four provinces between October and November. The increases in employment were seen in Quebec (2,500 jobs), Manitoba (2,400 jobs), Saskatchewan (1,300 jobs) and Newfoundland (200 jobs).

For the 12-month period ending in November 2008, seasonally adjusted employment in Canada expanded by 0.8 per cent (129,800 jobs). Part-time employment grew by 1.5 per cent while full time employment increased 0.6 per cent.

The Bank of Canada, like other major central banks, has cut its policy interest rates. On December 9th, Bank of Canada lowered the overnight rate target by 0.75 of a percentage point to 1.50 per cent. The global financial turmoil pushed the central banks to ease global monetary conditions. The Bank of Canada's next interest rate policy announcement is scheduled for January 20th, 2009.

The Consumer Price Index (CPI) increased by 2.0 per cent in November 2008 compared to the same month in 2007, a decrease from the 2.6 per cent increase recorded for the 12-month period ending in October of this year. The decline in the CPI's rate of growth was mainly due to a softening in gasoline prices.

Figure 2

Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

Residential Mortgage Credit Continues to Grow in 2008

Residential mortgage credit increased by 11.8 per cent in the third quarter of 2008 compared to the third quarter of 2007 to reach $887.5•billion.

Stable employment and income gains, coupled with low mortgage rates in the third quarter of 2008, fostered growth in the mortgage market.

Short and medium-term fixed mortgage rates increased very slightly in the third quarter of 2008, but are still low by historical standards.

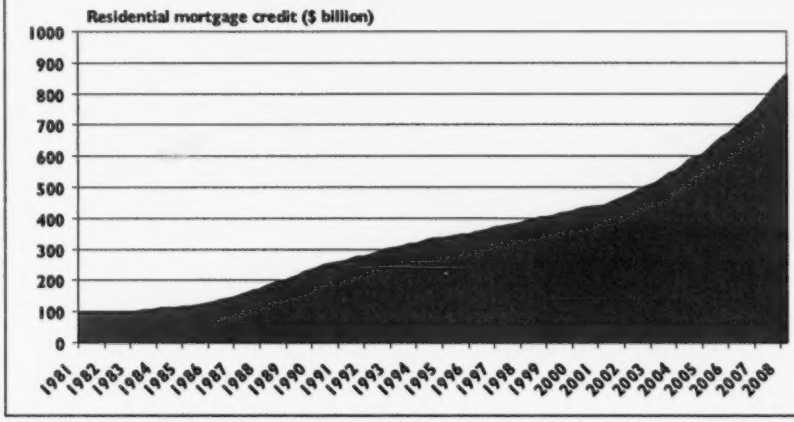
Rising house prices over the past several years have enabled homeowners to use the equity of their home to finance their renovation projects. Strong renovation spending continues to contribute to increasing mortgage credit growth as households tend to renovate within the first three years following the purchase of a home.

High house prices supported mortgage credit in the third quarter of 2008

MLS® sales were down 12.4 per cent in the third quarter of 2008, compared to a year ago. In total, for the first nine months of 2008, MLS® sales are down 13.0 per cent compared to the same period in 2007. The average MLS® price in the third quarter of 2008 decreased 4.1 per cent over the same period a year ago.

Figure 3

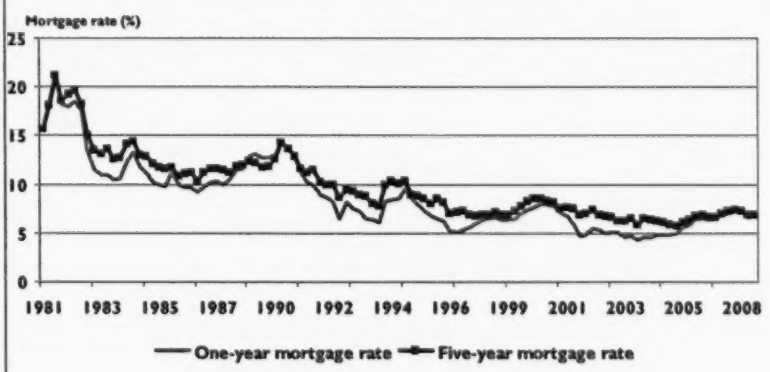
Residential mortgage credit continued to grow in the third quarter of 2008



Sources: CMHC, Bank of Canada, Statistics Canada

Figure 4

Mortgage rates remained low in the third quarter of 2008



Sources: CMHC, Bank of Canada, Statistics Canada

The dollar volume of home sales fell by 10.0 per cent in the third quarter of 2008 compared to the third quarter of 2007. This is the third decrease since 2003. Indeed, for the first nine months of 2008, dollar volume of home sales has decreased 11.9 per cent compared to the same period in 2007.

Housing starts in the third quarter of 2008 moderated to 58,292 actual units, down 14.1 per cent compared to the third quarter of 2007. For the nine months half of 2008, housing starts decreased by 5.3 per cent increase, compared to the same period in 2007.

Market shares virtually unchanged

Chartered banks accounted for 72.8 per cent of the residential mortgage loans outstanding in the third quarter of 2008. Credit unions followed next with 16.6 per cent, as shown in the table below. Together, banks and credit unions comprise approximately 89 per cent of the share of residential mortgage credit. The overall shares have remained essentially unchanged when compared to the previous three quarters. ■

Share of the stock of residential mortgage credit by institution type (%) *

	3Q07	4Q07	1Q08	2Q08	3Q08
Banks	72.4	72.3	72.3	72.4	72.8
Trusts	1.4	1.5	1.5	1.5	1.5
Caisse & Cr. Unions	16.7	16.7	16.8	16.7	16.6
Life Ins. Co.	2.3	2.3	2.4	2.3	2.3
Pension Funds	2.1	2.2	2.3	2.2	2.2
Others **	5.0	5.0	4.9	4.8	4.6

* Excludes Special Purpose Vehicles and NHA MBS
** Includes non-depository credit intermediaries

Sources: CMHC, Bank of Canada, Statistics Canada

INDICATORS OF MORTGAGE LENDING ACTIVITY

Mortgage credit outstanding ($millions)*

	2006	2007	3Q07	4Q07	1Q08	2Q08	3Q08
TOTAL	699,281	779,315	793,943	820,500	838,820	860,689	887,497
% change (year-over-year)	*10.7*	*11.4*	*11.9*	*12.7*	*13.0*	*12.6*	*11.8*
Banks	409,005	445,807	454,222	461,217	464,724	473,952	488,597
Trusts	7,840	8,615	8,766	9,275	9,510	9,762	10,019
Caisse & Cr. Unions	94,105	102,853	104,526	106,620	107,781	109,323	111,694
Life Ins. Co.	14,597	14,791	14,618	14,830	15,136	15,277	15,316
Pension Funds	11,807	13,344	13,401	13,899	14,337	14,504	14,785
Others **	30,400	30,866	31,578	31,662	31,688	31,624	31,189
Special Purpose Vehicles	21,937	24,910	25,592	24,596	23,930	23,421	22,905
NHA MBS ***	109,590	138,130	153,219	166,291	177,687	188,996	202,845

* Average for the period, unadjusted
** Includes non-depository credit intermediaries
*** CMHC

This Month's Housing Data (SAAR)

	2007	Q1:08	Q2:08	Q3:08	M09:08	M10:08	M11:08
Housing starts, units, 000s							
Canada. Total. All areas	228.3	234.4	220.1	210.4	218.6	211.8	172.0
Per cent change from previous period	0.4	9.5	-6.1	-4.4	0.1	-3.1	-18.8
Canada. Total. Rural areas	34.6	21.4	26.4	25.9	25.9	27.2	27.2
Per cent change from previous period	6.9	-35.7	23.4	-1.9	0.0	5.0	0.0
Canada. Total. Urban areas	193.7	213.0	193.7	184.5	192.7	184.6	144.8
Per cent change from previous period	-0.7	17.9	-9.1	-4.7	0.1	-4.2	-21.6
Canada. Single. Urban areas	90.9	81.9	77.2	73.6	70.1	69.3	63.1
Per cent change from previous period	-3.5	-9.5	-5.7	-4.7	-8.1	-1.1	-8.9
Canada. Multiple. Urban areas	102.9	131.1	116.5	110.9	122.6	115.3	81.7
Per cent change from previous period	2.0	45.3	-11.1	-4.8	5.5	-6.0	-29.1
Newfoundland. Total. All areas	2.6	2.8	3.0	3.3	3.2	3.1	2.7
Per cent change from previous period	18.6	-6.7	7.1	10.0	-15.8	-3.1	-12.9
Prince Edward Island. Total. All areas	0.8	0.7	0.7	0.6	0.5	0.6	0.8
Per cent change from previous period	1.6	-12.5	0.0	-14.3	-37.5	20.0	33.3
Nova Scotia. Total. All areas	4.8	5.9	3.9	4.2	4.4	4.3	3.6
Per cent change from previous period	-3.0	25.5	-33.9	7.7	29.4	-2.3	-16.3
New Brunswick. Total. All areas	4.2	4.4	4.6	4.2	4.5	5.0	3.9
Per cent change from previous period	3.8	7.3	4.5	-8.7	21.6	11.1	-22.0
Quebec. Total. All areas	48.6	48.4	48.0	47.5	46.5	48.4	48.2
Per cent change from previous period	1.4	20.1	-0.8	-1.0	0.0	4.1	-0.4
Ontario. Total. All areas	68.1	78.7	78.6	75.8	84.5	82.6	58.3
Per cent change from previous period	-7.2	21.6	-0.1	-3.6	-6.3	-2.2	-29.4
Manitoba. Total. All areas	5.7	5.4	6.0	5.5	5.5	5.8	5.9
Per cent change from previous period	14.1	-1.8	11.1	-8.3	-1.8	5.5	1.7
Saskatchewan. Total. All areas	6.0	6.8	8.2	7.3	7.4	4.9	5.7
Per cent change from previous period	61.7	21.4	20.6	-11.0	17.5	-33.8	16.3
Alberta. Total. All areas	48.3	41.9	29.4	25.8	24.6	24.7	20.4
Per cent change from previous period	-1.3	-2.6	-29.8	-12.2	3.8	0.4	-17.4
British Columbia. Total. All areas	39.2	39.4	37.7	36.2	37.5	32.3	22.4
Per cent change from previous period	7.6	-6.9	-4.3	-4.0	9.0	-13.9	-30.7

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2007	Q1: 08	Q2: 08	Q3: 08	M09: 08	M10: 08	M11: 08
Canada. Total. Urban areas	193.7	213.0	193.7	184.5	192.7	184.6	144.8
Newfoundland. Total. Urban areas	1.8	2.3	1.9	2.4	2.3	2.4	2.0
Prince Edward Island. Total. Urban areas	0.5	0.5	0.5	0.4	0.3	0.5	0.7
Nova Scotia. Total. Urban areas	3.3	4.9	3.1	3.4	3.6	2.9	2.2
New Brunswick. Total. Urban areas	3.0	3.0	3.3	3.0	3.3	3.8	2.7
Quebec. Total. Urban areas	40.9	43.5	41.8	40.5	39.5	41.3	41.1
Ontario. Total. Urban areas	62.8	75.9	74.7	72.2	80.9	78.9	54.6
Manitoba. Total. Urban areas	3.8	3.1	4.1	3.6	3.6	3.8	3.9
Saskatchewan. Total. Urban areas	4.8	5.0	5.7	4.6	4.7	2.2	3.0
Alberta. Total. Urban areas	38.5	37.9	25.0	21.9	20.7	20.9	16.6
British Columbia. Total. Urban areas	34.4	36.9	33.6	32.5	33.8	27.9	18.0

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2007	Q1: 08	Q2: 08	Q3: 08	M09: 08	M10: 08	M11: 08
New Housing							
New & unoccupied singles & semis, units 000s	6.0	6.8	7.3	7.6	8.0	8.3	8.7
Per cent change from same period previous year	16.1	10.0	19.9	38.4	41.9	37.7	40.3
New & unoccupied row & apartments, units 000s	8.6	9.3	8.9	9.1	9.3	10.0	10.4
Per cent change from same period previous year	3.0	7.3	12.3	4.6	6.1	9.1	17.3
New House Price Index, 1997=100	153.0	158.0	158.4	158.6	158.7	158.1	n.a.
Per cent change from same period previous year	7.7	6.3	4.3	2.3	2.1	1.5	n.a.
Existing Housing							
MLS® resales*, units 000s	523.9	473.0	464.7	455.6	447.2	379.4	332.9
Per cent change from same period previous year	7.8	-10.5	-13.5	-13.1	-11.2	-25.6	-35.4
MLS® average resale price, $C 000s**	305.8	314.0	309.1	298.4	295.6	283.2	285.0
Per cent change from same period previous year	10.8	6.7	1.9	-3.2	-4.3	-9.1	-10.0
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	6.90	7.25	6.68	6.75	6.65	6.35	6.35
Posted 5-Year Mortgage Rate, % (period average)	7.07	7.29	6.93	6.95	6.85	7.20	7.20

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.
n.a. Figures not available
* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).
** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable homes – homes that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at www.cmhc.ca

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to www.cmhc.ca/housingmarketinformation

For more information on MAC and the wealth of housing market information available to you, visit us today at www.cmhc.ca/housingmarketinformation

To subscribe to priced, printed editions of MAC publications, call 1-800-668-2642.

©2008 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please contact: the Canadian Housing Information Centre (CHIC) at mailto:chic@cmhc.gc.ca; 613-748-2367 or 1-800-668-2642.

For permission, please provide CHIC with the following information:
Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

STAY ON TOP OF THE HOUSING MARKET

Enhance your decision-making with the latest information on Canadian housing trends and opportunities.

CMHC's Market Analysis Centre e-reports provide a wealth of detailed local, provincial, regional and national market information.

- Forecasts and Analysis – Future-oriented information about local, regional and national housing trends.
- Statistics and Data – Information on current housing market activities — starts, rents, vacancy rates and much more.

Free reports available on-line:

- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports - Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
- Northern Housing Outlook Report
- Preliminary Housing Start Data
- Renovation and Home Purchase
- Rental Market Highlight Reports
- Rental Market Reports, Major Centres
- Rental Market Statistics

Free regional reports also available:

- B.C. Seniors' Housing Market Survey
- Ontario Retirement Homes Report
- The Retirement Home Market Study, Quebec Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Residential Construction Digest, Prairie Centres
- Analysis of the Resale Market, Quebec Centres

Get the market intelligence you need today!
Click www.cmhc.ca/housingmarketinformation to view, download or subscribe.

EQuilibrium™: Healthy Housing for a Healthy Environment.

Find out how CMHC's EQuilibrium™ housing initiative is helping enhance the quality of life of Canadians through healthier, more efficient and more comfortable homes.

63830_2008_M12